

Retail inflation trending down

Retail Inflation eases to 2.10% y-o-y in June'25

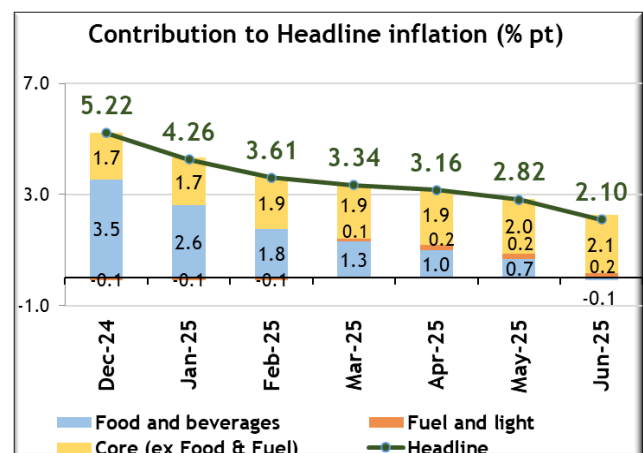
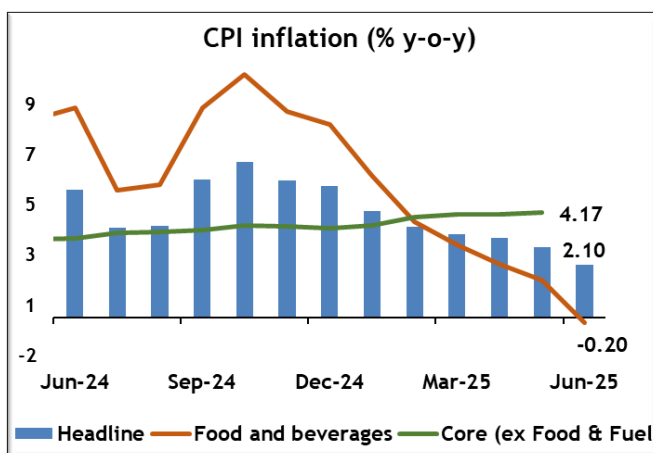
14th July, 2025

Key takeaways

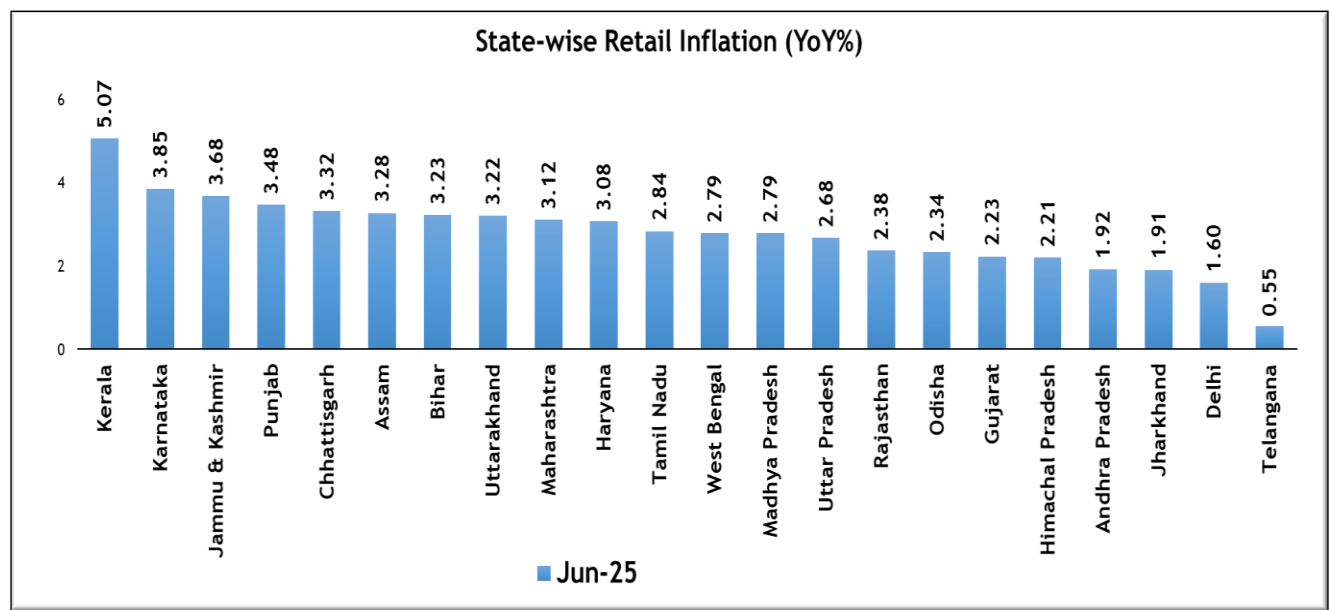
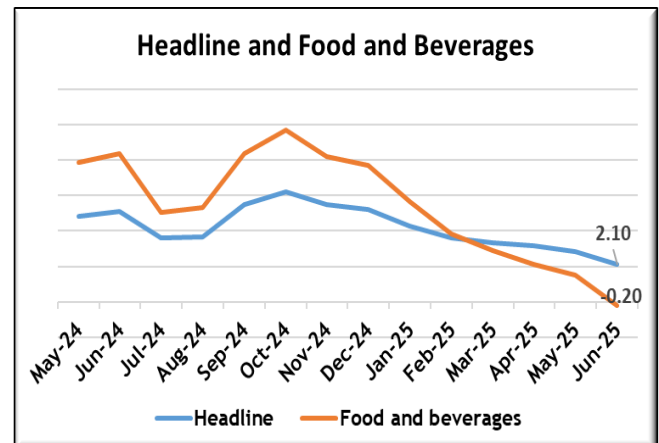
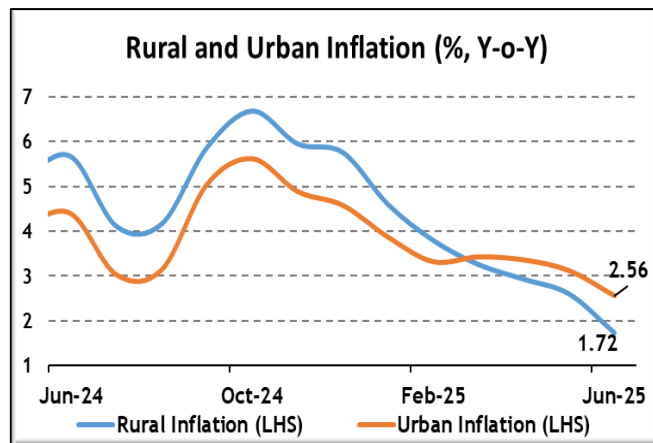
- ❖ India's CPI inflation eased to 2.10% in June'25 compared to 2.82% in May'25 mainly attributable to disinflation in vegetables, Cereals and products and protein. It is the lowest year-on-year inflation after January, 2019.
- ❖ Core inflation (Excluding food & fuel) was 4.43% in June'25 compared to 4.17% in May'25.

Retail Inflation eased to 2.10% y-o-y in June'25:

- India's retail (CPI) inflation eased to 2.10% in June'25 from 2.82% in May'25, supported by easing in "Food and beverages" inflation to -0.20% from 1.50% in May'25.
 - The moderation in food inflation is mainly due to vegetable deflation of -19.00% YoY in June'25 compared to -13.70% in May'25.
 - Cereal inflation eased to 3.73% in June'25 compared to 4.77% in May'25.
 - Protein deflation was -1.37% in June'25 compared to -0.18% in May'25.
- On the 'fuel & light' front, inflation eased to 2.55% in June'25 compared to 2.78% in May'25.
- However, inflation continued in housing and miscellaneous items including transport and communications.
- Rural inflation eased to 1.72% in June'25 from 2.59% in May'25 and urban inflation eased to 2.56% y-o-y in June'25 as compared to 3.12% in May'25.



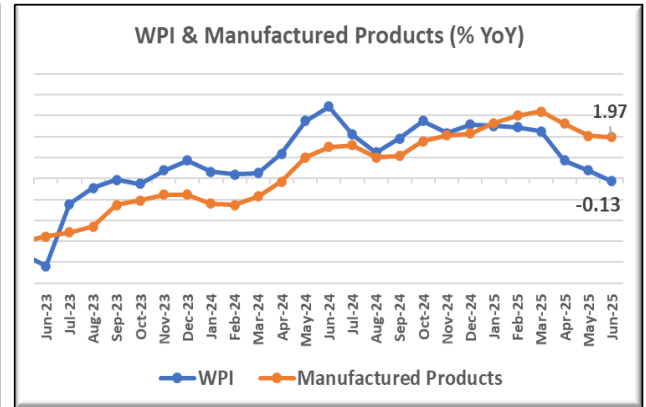
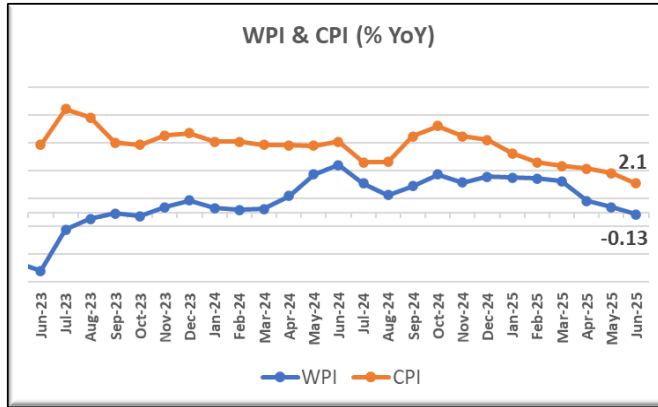
CPI Inflation (% y.o.y)					
	Weight	Jun-24	Mar-25	May-25	Jun-25
Headline	100	5.08	3.34	2.82	2.10
Food and beverages	46	8.36	2.88	1.50	-0.20
Cereals and products	10	8.75	5.93	4.77	3.73
Protein	13	6.06	0.72	-0.18	-1.37
Fruits	3	7.15	16.27	12.74	12.59
Vegetables	6	29.32	-7.04	-13.70	-19.00
Fuel and light	7	-3.61	1.42	2.78	2.55
Core (ex Food & Fuel)	47	3.14	4.10	4.17	4.43
Pan, tobacco and intoxicants	2	3.08	2.48	2.41	2.41
Clothing and footwear	7	2.73	2.62	2.67	2.55
Housing	10	2.69	3.03	3.16	3.24
Miscellaneous	28	3.41	4.99	5.06	5.49
<i>of which: Transport & Comm.</i>	9	0.97	3.36	3.85	3.90



Whole Sale Price Inflation (WPI)

India's Wholesale Price Index (WPI) inflation sharply declined to -0.13% in June 2025 primarily due to fuel & Power and primary article sectors.

Manufactured inflation decreased by 1.97% YoY June 2025, compared to 2.04% in May'25.



Implications

- CPI inflation has averaged 2.7% in first quarter (April-June) of FY26 which is 20bps lower than RBI projections. There is also a downside risk to growth due to global uncertainties. In this Context another 25bps rate cut is expected in October MPC.
- Further decrease in CPI inflation of 72bps (2.10% for June 2025 vis-a-vis 2.82% in May 2025) will compel monetary authorities i.e., RBI to revise policy rate (repo rate) in their next (August 2025) MPC meet.

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